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ABSTRACT

The relationships between state government and private higher education are considered with emphasis on Ohio. It is noted that state colleges have received land and financial support from private sources and that there have been reciprocal arrangements of public support given to private colleges. These arrangements include different types of tax exemption, state revenue bonds for capital projects, student loans, and contracts between private colleges and public community colleges for complete services. Examples of this type of contract are described. In regard to policy considerations, it is claimed that quality exists in both the public and private sectors, and that as times and needs change, colleges in some areas may need to be established while colleges in other areas may not be needed. Some of the recommendations adopted by the Ohio Board in its December 1975 policy statement are criticized. Eligibility for student financial aid and the state role with respect to private higher education are addressed. (SW)

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STATE RELATIONSHIPS TO THE PRIVATE SECTOR

ECS/SHEEO Inservice Education Program
January 28, 1976

Dr. James A. (Dolph) Norton
Chancellor, Ohio Board of Regents

My assignment is to make a presentation that will lead to a discussion of "State Relatonships to the Private Sector."

If John Silber, the able and articulate president of Boston University, were present, he would immediately object. Many of you have read his arguments in Atlantic; some of you heard his objections at the business meeting of the American Council on Education in Washington last year. "All colleges provide a public service, educating our citizens, increasing our knowledge through research, and serving their communities in myriad ways. The proper distinction is not public or private, but state-supported or independently supported."

Of course, even those terms are not as clear as we would like. Most colleges and any university worthy of the name today receive some income from tuition, some from private donations, and some from governmental sources. Perhaps we should modify the classifications to read "predominantly state supported" or "predominantly independently supported."

Dr. Silber uses his terminology to make a point which is important. But I like the term "private higher education" because it serves to make some other points. And I use the term as does Dr. Steven Muller, president of Johns Hopkins University: "...their governance is independent or private."

Dr. Muller spoke to the Southern Regional Education Board last summer on "What is Good Policy for Private Higher Education?" While I would not subscribe to everything he said, there are two points he made that express my own judgments. Out of context, one statement sounds more pretentious than it was: He said, "Private institutions continue to serve a vital role in higher education in the country because private institutions are a check and a balance to a sometimes overwhelming governmental presence in the governance of public higher education." My own conviction is that the public interest in the United States is best served by the presence of many independent sources of ideas, facts, and initiatives, not solely in higher education but in all other aspects of society, the economy, and governance. I am convinced that governmental action is better refined by not being monolithic, and that higher education is stronger if there are reasonable competition, and some relatively independently determined yardsticks.

Dr. Muller also expressed regret that "the institutions of American higher education are so much set one against another at a time when we have problems that we ought to address in common." This translates "we need all the friends we can get;" and whether we are talking about the political scene as we attempt to get larger appropriations, the educational scene as we try to recruit more students, or the social scene where our credibility is not improved with intra-familia bickering, his concerns make sense. Actually, we will all profit if public and private higher education move beyond detente to cooperation.

Even detente is not easy to come by. Short term perspectives have persisted so long (because they were functional, of course) that they have become traditional. When I worked as a foundation executive soliciting donors as well as distributing funds, one of my favorite persons was a gentleman whose annual gifts often ran into seven digits left of the decimal point. Among his favorite benefactions were a few private colleges. He often would complain to their presidents about how bad it was to hire professors who did not appreciate the free enterprise system, but he lectured me on how much more efficiently private colleges were in their operation than public ones, how much higher quality they achieved, and how much better the public would be served if everyone just gave to private colleges rather than wait for government to tax, distribute, and waste these same resources. None of the private college presidents ever tried to disabuse him of the latter ideas.

The other side of the argument was clearly enunciated by the presidents of some of our public institutions shortly after I became chancellor. I had tried to get some private colleges to participate in the planning process, and the Inter-University Council (public institution presidents) presented the Board of Regents with a resolution censuring me for such apostasy. More recently, they have cited the wasteful expenditures of private schools, their unbridled expansionism, and how any public funds assisting students in exercising a choice are diverted from an already undernourished public sector.

The histories of higher education which I have consulted assure me that these self-serving perspectives have actually been serving for many decades, and suggest that it would be rash to expect them to disappear. To start our discussion, however, I want to describe the efforts we have made in Ohio to turn a third perspective into public policy.

We began with a concern for all the resources of the state in higher education, regardless of how they are provided or who is in charge. Not only is this encouraged by the legislation creating the Board of Regents, but also it has historical precedents. Miami University, our oldest public institution, for example, began with a land grant but financed its first half century on tuition or private gifts. Many of our two-year colleges established in the last decade are put on land given to the state by private donors, a practice which we actively encourage.

We also encourage all our institutions to seek gifts and grants from private donors. The first meeting of our Board with Boards of our public universities after I became chancellor allocated a morning to encouraging trustees in their fund-raising activities and discussing larger goals for them. We held a special meeting of two-year college presidents with foundation consultants, and I have continued to work actively with foundations to show how grants to public institutions may be their best investments.

Let me here insert a note of my conviction that the competition of public institutions for private dollars does not diminish the number

of private dollars available for private colleges. First, the sources of gifts differ to a degree. Second, a climate of donor support becomes stronger with more participants. Third, solicitors, lay and professional, work harder.

Beyond the private support given public institutions, there have been reciprocal arrangements - public support given private institutions. ECS has collated examples of this type support across the nation. When we began to prepare for the Board of Regents to consider its formal policy statement, we identified nine ways the state assisted private education financially and five coordination procedures that assisted private higher education. The full list is included in our policy statement which you will receive. The programs helping financially include: different types of tax exemption; an unused power of eminent domain; the use of state revenue bonds for capital projects; grants of student aid which are about 2 1/2 times larger at private than public colleges; student loans; contracts for medical and dental schools; contracts for educational services from private schools (not provided for in our current budget); participation in the Ohio College Library Center, an exciting resource in itself; and, for two colleges, Rio Grande and Wilmington, contracts with two two-year colleges for rather complete services.

These contracts probably deserve some elaboration. Rio Grande College is a private four-year institution located in the Appalachian hills of southeast Ohio. Some of its students come from that region and others came from the cities seeking a bucolic setting and not too much educational stress. The presence of Ohio University in the same

general area and a very low population density had together been a deterrent to the location of a two-year college with technical courses in the vicinity. The president of Rio Grande had long been interested in serving more of the local people, and probably worried about his budget on occasion. He proposed the creation of a four county community college district which can have a local tax levy as well as state support. The community college would then contract with Rio Grande College for all its services. Rio Grande would then have some strength on which to build its upper two years. With all the courage of a doubting Thomas, we made the chartering of the community college contingent on the vote of the local tax levy. The voters in the poorest counties of the state went to the polls and voted a one mill continuing levy; the college was chartered, trustees appointed, and the contract developed. Rio Grande Community College has three employees - a part-time president who is also president of Rio Grande College, a treasurer and a secretary. Every other activity is provided by contract.

How is it working? More students enrolled than ever; new programs are being developed; the state is providing funds for a new technical education building. The president - a successor to the one who fathered the contract - has found that serving two boards is not without headaches. Each board has its own concerns and there is a tendency to attribute normal problems to the new arrangement. I am enthusiastic about the expanded services and the conservation of resources. Without this arrangement, Ohio probably would have had neither a two-year nor a four-year college in that area.

The contract between Wilmington College and Southern State General and Technical College (two-year) is in its first year. It is complicated by involving two public campuses and a change in administration of Wilmington College. However, I see no problems that cannot be solved to the profit of both schools and the region.

We do not propose to expand this arrangement on a general basis. At the moment there seems to be only one other pairing that looks desirable; it is under consideration by both parties.

In addition to programs providing financial benefits to private colleges, Ohio also identifies coordination efforts that are useful. These include the forum of the 1202 Advisory Committee, regular consultation by the chancellor with an advisory committee of private college presidents and the president of the Association of Independent Colleges and Universities, procedures for substate consultation on off-campus services, the basic incorporation and chartering functions, and some state government contracts for special services.

This recital of private and public intertwining began to illustrate that Ohio has and does have an interest in all its resources, however funded or governed. Two other general propositions are part of the policy environment.

One is that quality is a proper requirement of public and private higher education and not a monopoly of either. In Ohio there are only two members of AAU - one is public and one is a private university. There are other high quality graduate programs - more in the public sector than the private. Undergraduate education is available in a wide

variety of institutions and in quality - in private and in public institutions. Quality, and unfortunately the lack thereof, is not a monopoly of either sector.

Another proposition is that no college has a right to claim life eternal. Times change, needs change, and market preferences shift. A squandering of resources is obviously something to regret, but institutions come and go probably as often to the profit of mankind as to its loss.

With this background, the Board of Regents posed the dilemma it faces as it works to expand services to the state. Citizens have a right to equal services under equal circumstances, hence a right to be served by public higher education. The Board recognizes that expanding public services at a given place may make inroads on the economic base of a private institution, perhaps to its being undermined as an institution. That might reduce service and waste resources. How do you proceed?

The way you do not proceed is by coming to a nice logical solution to the situation. Instead, the Board stated twelve guidelines that include some threats, some assistance, and some equivocation. They are on pages seven and eight of the Policy Statement adopted in December, 1975, copies of which you have.

The unequivocal recommendations for assistance are in items 7, 8 and 9. Item 7 is a recommendation for expanding the largest Ohio Instructional Grants to $2,000; currently they are $1,500. Students from families with incomes up to $17,000 are eligible for some assistance.

Private schools would like to see that eligibility extended to $20,000, but the Regents would not agree. Item 8 recommends reciprocal portability with other states.

Item 9 recommends grants to the private colleges of up to $750 for each student who receives an Ohio Instructional Grant if he comes from a family with resources less than $9,000 per year. These students generally need financial and educational support beyond the average, and they are under-represented in all colleges. Essentially, these grants would be contracts to encourage recruitment and development programs.

Item 12 also has a direct dollar benefit. It promises support for the continuing work of the Ohio Library Center.

The other items are philosophy or procedure or exhortation. To characterize them thus is not to make them unimportant to anyone who understands how they are debated. We believe they will have an impact. For example, in item 4:

> "The Board of Regents calls upon the administration and trustees of each state-supported institution, when a new service area seems warranted, to consider the possibility of adding to its resources by contracting with nearby private institutions for facilities, programs, or courses rather than by expanding its own plant or faculty and staff. Each private school must decide for itself the degree to which it can offer services to public colleges without undermining its own clientele.

The Board of Regents will recommend to the Governor and the General Assembly that funds be provided with which the Board can encourage, as in the 1973-75 biennium, pilot and experimental contracts between public and private institutions which might later become regular contracts of the state-supported institutions."

With regard to its own procedures and actions of private institutions, the Board included item 2:

"The impact on private higher education of all public programs at all levels will be considered before programs are established. This does not imply, however, that a private institution will be protected simply because it is there. Private and public institutions will be involved in all local planning and as a matter of good faith the Board of Regents strongly urges private institutions to confer with public institutions before initiating new programs in competition with established programs. Only honest two-way communications will promote confidence and cooperation."

This statement of policy was reviewed, debated, revised, hailed and deplored. If I have been successful in presenting the policy and some of the issues, we are probably prepared for a lively discussion.

I would conclude with only one more comment. Public and private institutions of higher education alike are threatened by one malady more than any other - inflation. They face the same problem in the 1980's - a decline in the number of persons in the age group traditionally the

college market - and new market demands. They share one greatest challenge - to know what they are about. It will be very difficult for the public or those of us who purport to plan for it to find profit in warfare between public and private institutions.